



K.S. Oils Limited

Risk Management Policy

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Introduction

K.S. Oils Limited (“the Company”) considers ongoing risk management to be a core component of the Management of the Company, and understands that the Company’s ability to identify and address risk is central to achieving its corporate objectives.

The Company’s Risk Management Policy (“the Policy”) outlines the framework implemented by the Company to ensure appropriate risk management within its systems and culture. The Policy is guided by the principles and objectives as enumerated in Regulation 21 read with Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) and provisions of the Companies Act, 2013 (“the Act”), which requires the Company to lay down procedures about risk assessment and risk mitigation, including the evaluation of overall risks and reporting the same to the Board.

The Board of Directors of the Company shall constitute a Risk Management Committee (hereinafter referred to as “Committee”) comprising a minimum of 3 (three) members with majority of them being members of the Board, including at least 1 (one) Independent Director. The chairperson of the Committee shall be member of the board of directors and senior executives of the Company may be members of the Committee. The Board of Directors may reconstitute the composition of the Committee, as it may deem fit, from time to time.

Head of Departments shall be responsible for implementation of the Risk Management System as may be applicable to their respective areas of functioning and report to the Board and the Committee from time to time.

Role of the Risk Management Committee

The role of the Risk Management Committee shall be:

- a) To formulate a detailed framework for identification, assessment, measurement and analysis of internal and external risks specifically faced by the Company in particular including strategic, financial, operational, technological, regulatory and compliance, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee
- b) To provide measures for risk mitigation including systems and processes for internal control of identified risks;
- c) To formulate business continuity plan;
- d) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- e) To monitor and oversee implementation of this Policy, including evaluating the adequacy of risk management systems;
- f) To periodically review this Policy, at least once in 2 (two) years, including by considering the changing industry dynamics and evolving complexity;
- g) To keep the Board informed about the nature and content of its discussions, recommendations and actions to be taken;
- h) To provide framework for the appointment, removal and terms of remuneration of the Chief Risk Officer;
- i) To review the Company’s risk governance structure, risk assessment and risk management policies, practices and guidelines and procedures, including the risk management plan;



- j) To set the risk tolerance limits and assess the cost and benefits associated with risk exposure;
- k) To review the Company's risk-reward performance to align with overall policy objectives;
- l) To discuss and consider best practices in risk management in the market and advise the respective functions;
- m) To assist the Board in effective operation of the risk management system by performing specialized analyses and quality reviews;
- n) To maintain an aggregated view on the risk profile of the Company for all categories of risk including insurance risk, market risk, credit risk, liquidity risk, operational risk, compliance risk, legal risk, reputation risk, etc;
- o) To advise the Board with regard to risk management decisions in relation to strategic and operational matters such as corporate strategy, mergers and acquisitions and related matters;
- p) To report to the Board, details on the risk exposures and the actions taken to manage the exposures;
- q) To review, monitor and challenge where necessary, risks undertaken by the Company;
- r) To review the solvency position of the Company on a regular basis;
- s) To monitor and review regular updates on business continuity;
- t) To review disclosure statement in any public documents or disclosures;
- u) To formulate a fraud monitoring policy and framework for approval by the Board;
- v) To monitor implementation of Anti-fraud policy for effective deterrence, prevention, detection and mitigation of frauds.
- w) To coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board.

Policy Requirements

- a) To comply with this Policy, all K.S. Oils offices and functions, in line with K.S. Oils Risk Management Framework and undertake the following actions:
 - Analyze these key risks in terms of probability and impact;
 - Assess these key risks against a pre-defined risk appetite to establish any necessary control action(s);
 - Assess the residual risk position;
 - Develop and implement an appropriate and cost-effective risk management plan to bring these risks within appetite;
 - Track and report to the Committee on the progress of risk mitigation actions within the risk management plan;
 - Retention of risk must be aligned with the risk mitigation strategy whereby it is commercially and economically appropriate to do so;
 - Identify, assess market related risks, and vulnerability in digital infrastructure and cyber threats;
 - Assess corporate accounting fraud, financial reporting, compliance with applicable laws, rules and regulations;
- b) The quorum for a meeting of the Risk Management Committee shall be either two members or one third of the members of the committee, whichever is higher, including at least one member of the board of directors in attendance



Risk Management Program

The Company's risk management program comprises of a series of processes, structures and guidelines which assist the Company to identify, assess, monitor and manage its business risk, Liquidity risk including any material changes to its risk profile.

To achieve this, the Company has clearly defined the responsibility and authority of the Company's Board of Directors and of the Committee, to oversee and manage the risk management program, while conferring responsibility and authority on the Company's senior management to develop and maintain the risk management program in light of the day-to-day needs of the Company. Regular communication and review of risk management practice provides the Company with important checks and balances to ensure the efficiency of its risk management program.

K.S. Oils Limited ("KSOIL" or "the Company") recognizes that enterprise risk management is an integral part of good management practice. Risk management is an essential element in achieving business goals and deriving benefits from market opportunities.

Risk Identification

In order to identify and assess material business risks, the Company defines risks and prepares risk profiles in light of its business plans and strategies. This involves providing an overview of each material risk, making an assessment of the risk level and preparing action plans to address and manage the risk.

The Company presently focuses on the following types of material risks:

- Strategic Business risks;
- Operational risks;
- Competition risk;
- Realization risk;
- Financial risks;
- Liquidity risk;
- Human resource risks; and
- Legal / regulatory risk.

Oversight and management Board of Director

The Board of Directors ("the Board") is responsible for reviewing and ratifying the risk management structure, processes and guidelines which are developed and maintained by Committee and Senior Management. The Committee or Management may also refer particular issues to the Board for final consideration and direction.

Risk Management Committee

As per the provision of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, Risk Management Committee is applicable to the top 1000 listed entities.

Senior Management

The Company's Senior Management is responsible for designing and implementing risk management and internal control systems which identify material risks for the Company and aim to provide the



Company with warnings of risks before they escalate. Senior Management must implement the action plans developed to address material business risks across the Company and individual business units.

Senior Management should regularly monitor and evaluate the effectiveness of the action plans and the performance of employees in implementing the action plans, as appropriate. In addition, Senior Management should promote and monitor the culture of risk management within the Company and compliance with the internal risk control systems and processes by employees. Senior Management should report regularly to the Board regarding the status and effectiveness of the risk management program.

The Board shall be responsible for framing, implementing and monitoring the risk management plan for the Company. The Board shall on recommendation of the Audit Committee adopt the Risk Management Policy and critically review the risk governance and monitoring mechanism.

Employees

All employees are responsible for implementing, managing and monitoring action plans with respect to material

Review of risk management program

The Company regularly evaluates the effectiveness of its risk management program to ensure that its internal control systems and processes are monitored and updated on an ongoing basis. The division of responsibility between the Board, the Committee and the Senior Management aims to ensure the specific responsibilities for risk management are clearly communicated and understood. The reporting obligation of Senior Management and Committee ensures that the Board is regularly informed of material risk management issues and actions. This is supplemented by the evaluation of the performance of risk management program, the Committee, the Senior Management and employees responsible for its implementation.

Risk Management System

The Company has always a system-based approach to business risk management. Backed by strong internal control systems, the current risk management framework consists of the following elements: -

Risk Management system is aimed at ensuring formulation of appropriate risk management policies and procedures, their effective implementation and independent monitoring and reporting by Internal Audit.

-A combination of centrally issued policies and divisionally-evolved procedures brings robustness to the process of ensuring business risks are effectively addressed.

-Appropriate structures have been put in place to effectively address inherent risks in businesses with unique / relatively high risk profiles.

Ensuring proper procedures and mechanism exist for monitoring and reviewing cyber security risks.

A strong and independent Internal Audit Function at the corporate level carries out risk focused audits across all businesses, enabling identification of areas where risk management processes may need to be improved. The Board reviews internal Audit findings, and provides strategic guidance on internal controls. Monitors the internal control environment within the Company and ensures that



Internal Audit recommendations are effectively implemented.

The combination of policies and processes as outlined above adequately addresses the various risks associated with our Company's businesses. The Senior Management of the Company periodically reviews the risk management framework to maintain its contemporariness for effective implementation.

Governance

1. The risk management function shall be under the overall guidance and supervision of the Chief Risk Officer ("CRO"). The CRO shall be working closely with the Board, Audit Committee and shall be responsible for developing and implementing risk assessment policies, monitoring strategies, and implementing risk management capabilities.
2. The CRO's shall help the Board and executive management to determine the risk reward trade-offs in the business and bring unfettered transparency into the risk profile of the business.
3. The CRO will be supported by a team of risk analysts and shall work closely with the business units, functional heads to identify risks and then evaluate and negotiate risk response plans based on cost-benefit analysis.
4. The CRO shall monitor all the risks across the various lines of business of the Company including compliance under applicable laws, finance functions, and other operating functions of the Company.
5. The risk management team will provide support to ensure consistent and effective implementation of this Policy and provide objective assurance as KS Oils-wide compliance with this Policy.
6. The CRO shall ensure that all outsourcing arrangements of the Company shall have the approval of a Committee of Key Management Persons and shall meet the terms of the Board approved outsourcing policy.
7. The CRO shall ensure that every outsourcing contract shall contain explicit safeguards regarding data protection including collection, storage, processing, retrieval, deletion and confidentiality of data and all outputs from the data, continuing ownership of the data with the Company and orderly handing over of the data and all related software programs on termination of the outsourcing arrangement.
8. The CRO shall ensure that the management of the Company monitors and reviews the performance of agencies to whom operations have been outsourced at least annually and report findings to the Board.

Policy reviews and Amendment

This policy will be reviewed by the Board of Directors of the Company or by its Committee (as may be authorized by the Board of Directors in this regard) as they deem necessary. Any change in the Policy shall be approved by the Board of Directors of the Company or its Committee. The Board of Directors or its Committee (as may be authorized by the Board of Directors in this regard) shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board of Directors in this respect shall be final and binding. Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed thereunder or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.



Communication of this Policy

This Policy shall be posted on the website of the Company www.ksoils.in
